



How consumers choose video streaming services

**Content, price, and ads are top
of mind for consumers in KPMG's
survey on video streaming**

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Highlights



Consumers want access to a broad content mix, including original series, and a substantial library of movies and popular TV series.



They expressed a high degree of price sensitivity, yet many are still willing to increase monthly spend to add a new, highly anticipated service.



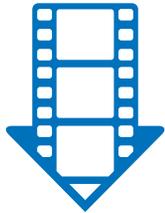
Younger consumers prefer an ad-free environment, but are willing to sit through ads to reduce cost.



A strong recommendation engine can help with experience and retention.



For younger consumers, price is not the only draw to free streaming services. They like the mix of content and topics, as well as the endless supply of new video.



Consumer sentiment is increasingly important as legacy media companies and other content producers begin to launch high-profile services to compete with the streaming giants.

To understand potential success factors in this dynamic environment, KPMG conducted a consumer survey of current video streaming subscribers to examine how people choose their streaming services and the factors they deem most important. Responses from 1,025 consumers ages 25–60 and 1,030 consumers ages 18–24 indicate that, while content is still king, price, ease of access, and an ad-free environment are important considerations.

As new high-profile streaming services enter the market, consumers will have to decide how much they are willing to spend to get their desired content mix. Our survey indicates a high degree of price sensitivity, yet also a willingness to increase spend. Across age groups, the majority of people subscribe to two to three video streaming services, and currently pay under \$40 for their combined subscriptions. When considering additional streaming services, most would be willing to increase spend up to \$20, and others indicated they would not be willing to increase their monthly cost at all.

Many consumers in our survey are excited about at least one of the new high-profile streaming services, but many are weighing desired content versus price.

For younger consumers (ages 18–24), a smartphone is the device of choice for watching video content. Many in this age group are currently paying for at least some of their own streaming subscriptions, but others are benefiting from family plans and password sharing. Free streaming services are also an attractive viewing option, not simply because of zero cost, but based on the vast array of video channels and seemingly endless supply of recommended new content.

Winning share of market and share of wallet are critical as competition heats up in the streaming video market.

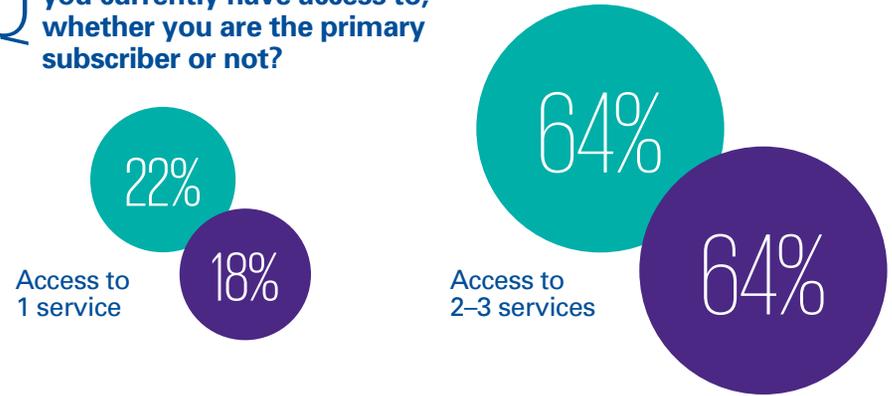
Few choices among many options

With more than 100 streaming services currently available, most consumers are still gravitating to a small number of services to meet their entertainment needs.

Across age groups, the majority of people (64%) have access to two to three video streaming services, whether they are the primary subscriber or not. When we dug into the number of subscriptions held by the primary subscriber, the data is more differentiated by age. The majority still fall into the range of two to three services, but there is an increase in those who are only paying for a single service. The difference may be attributed in part to family share plans and password sharing.



How many video streaming services do you currently have access to, whether you are the primary subscriber or not?



How many video streaming services do you currently subscribe to (as the primary subscriber)?



Price sensitivity is a significant factor in streaming decisions

The survey indicated a high degree of price sensitivity, but for many, there's a willingness to increase spend. As new high-profile streaming services launch, consumers will have to decide how much they are willing to spend to access their desired content mix.

On average, survey respondents pay \$22 a month for video streaming subscriptions, and are willing to pay an average of an additional \$11 a month—or 50 percent more—for additional services.

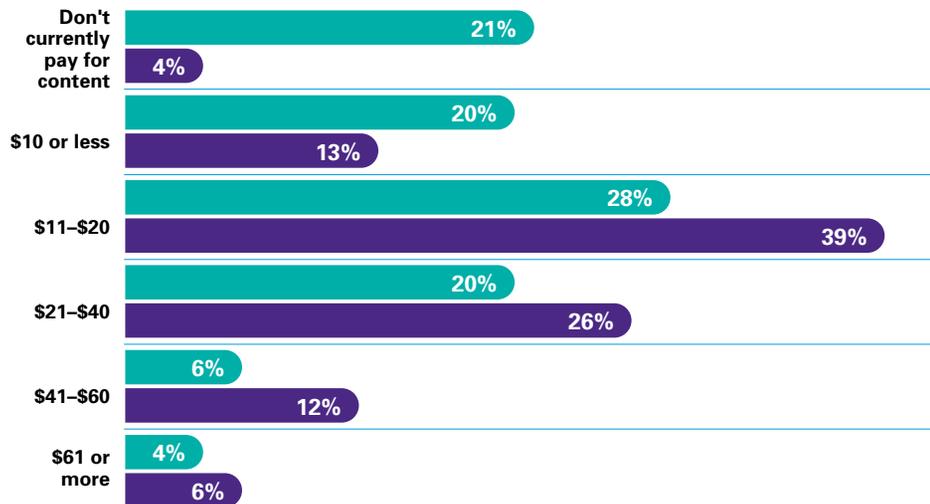
Digging a little deeper into the survey results, just under 70% of respondents ages 18-24 and nearly 80% of those 25-60 are currently paying \$10-\$40 per month for streaming subscriptions. Across age groups, most people indicated they'd be willing to pay up to \$20 more per month, while others would not be willing to increase their monthly spend at all.



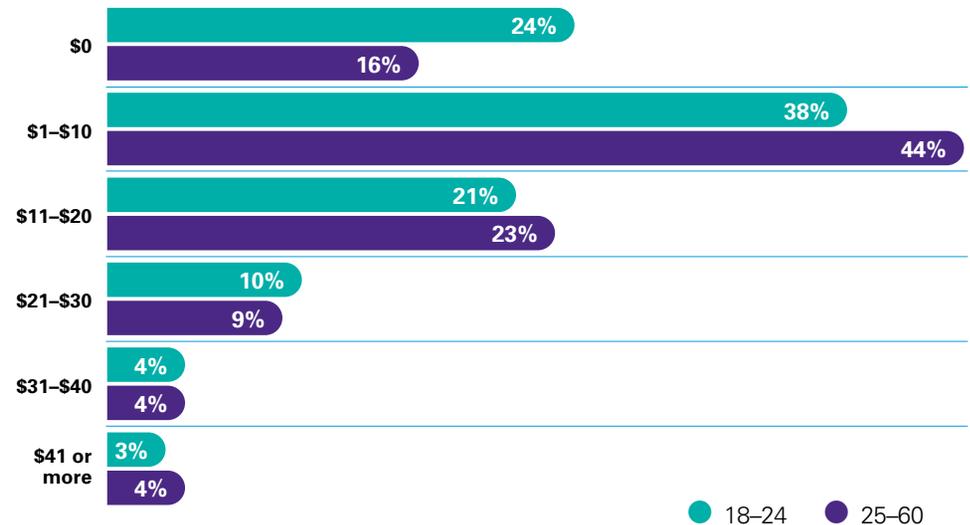
Additionally, for those in the 25–60 age group who don't currently pay for video streaming services, respondents reported a combination of factors, including a willingness to sit through ads (38%), being part of a family share plan (27%), and/or password sharing (24%).

Among the 18–24 age group, 57% of those who do not currently pay for their own subscriptions indicated having access to streaming services through a family plan, whether they live with their family or not, and 28% said they gain access to streaming services through password sharing with friends. Others (27%) are willing to sit through ads to not have to pay a subscription fee.

How much do you currently pay per month for access to video streaming services?



Given the amount you are already paying per month for video streaming subscriptions, how much more are you willing to pay to add additional streaming services?



● 18–24 ● 25–60

What's important to consumers?

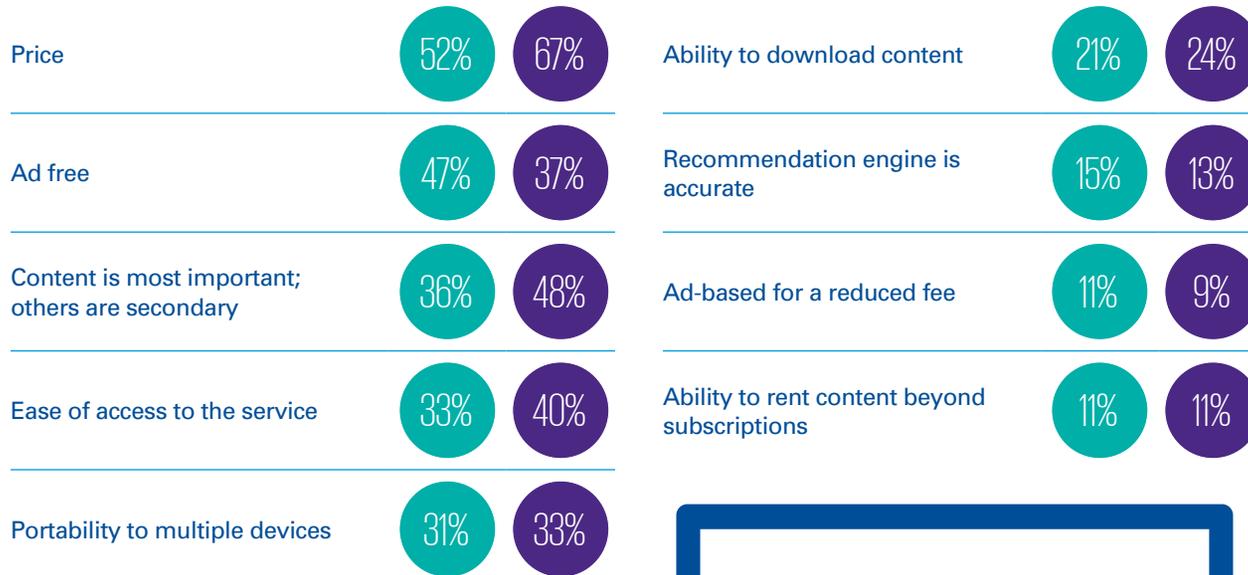
When asked about features that are important in choosing a video streaming service, price and ad free rose to the top of the list, followed by content, ease of access to the service, and portability to multiple devices.

Not surprisingly, the device of choice for viewing streaming content varies by age group. What is somewhat surprising is nearly one-third of those 18-24 still watch content on a TV device.



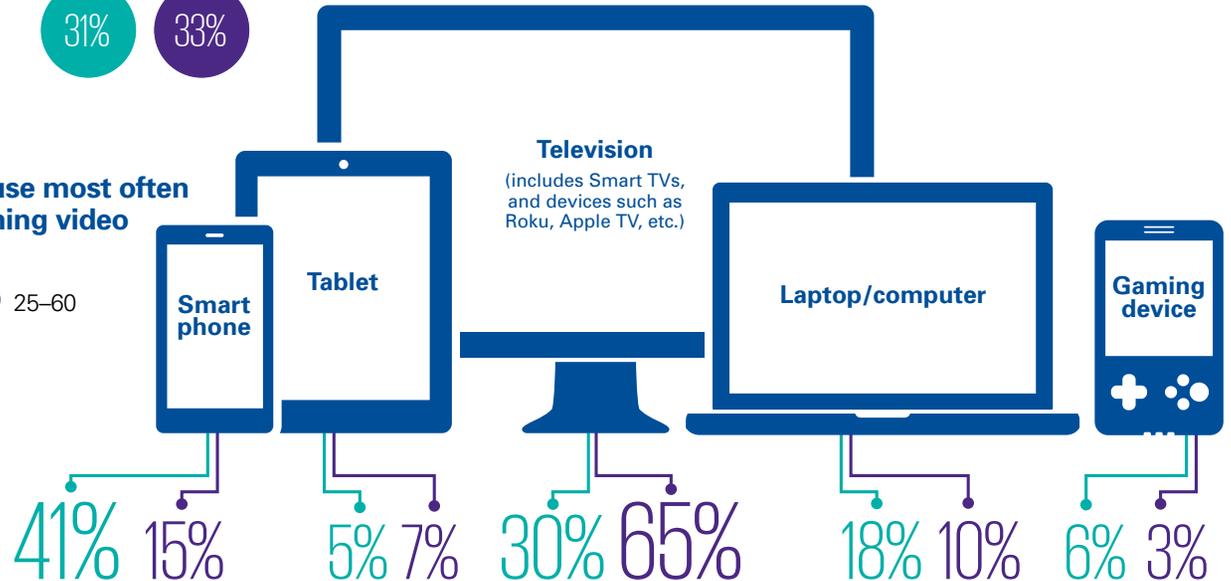
What features are most important to you when choosing a video streaming service? (Select all that apply)

● 18-24 ● 25-60



What device do you use most often when viewing streaming video content?

● 18-24 ● 25-60



Open response question

Q If you could change one thing about your favorite streaming service, what would it be?

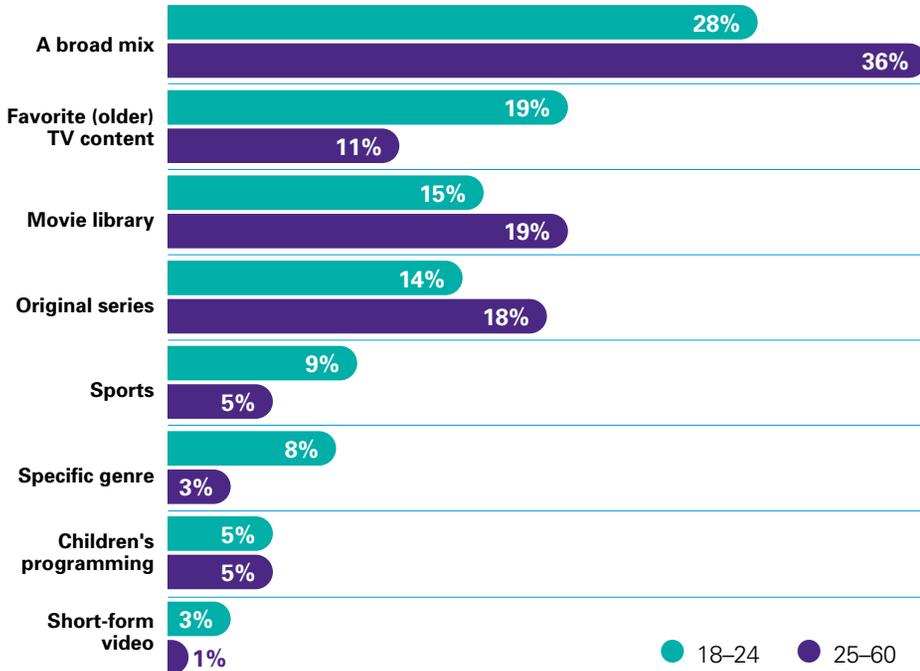
KPMG's survey included an open response question that generated 800+ responses from the 18–24 age group, and 700+ responses in the 25–60 age group. Responses fell into several key themes including advertising, price, content mix and recommendation engines. Here are a few highlights.

- ▶ **Movies were a significant** area of focus, with a greater desire for newer releases, better quality movies, and overall a broader selection on streaming services.
- ▶ **Advertising was a major theme** among the 18–24 age group. Comments concentrated heavily on getting rid of ads entirely or reducing the number of ads. The 25–60 age group expressed similar sentiments, but it was the focus of a much smaller percentage of respondents.
- ▶ **People also focused on ease of finding content**, noting a desire for better search options, more intuitive user interface(s), and more accurate recommendation engines.
- ▶ **A large number of respondents cited price** as an issue, with a preference for lower prices, and in many instances a desire for more free services.
- ▶ **The majority of answers focused on content mix**, but covered a wide range of preferences including a desire for: more choices, better quality content, older shows, newer shows, deeper libraries for both movies and TV shows, more original content, less original content, interest in specific genres, etc. Tastes are inevitably wide ranging, but this may also indicate fatigue in cobbling together the right collection of streaming services to meet the entertainment preferences of an individual or family.
- ▶ **There were also a number of comments on wanting a consolidated streaming environment** accessible through a single app or entry point.
- ▶ **More than a few respondents also expressed interest in sports options**, live streaming, and a greater ability to download and view content offline, even if only for a limited period of time.

Content mix

Offering enough content choices is critical, and investing in one or two high-profile franchises may not be enough to attract or retain subscribers. KPMG's survey indicates consumers want a streaming service that provides a broad content mix, including original series, and a substantial library of movies and popular TV series. Younger consumers value a broad range of content choices, traditional programming, and high-profile premium content.

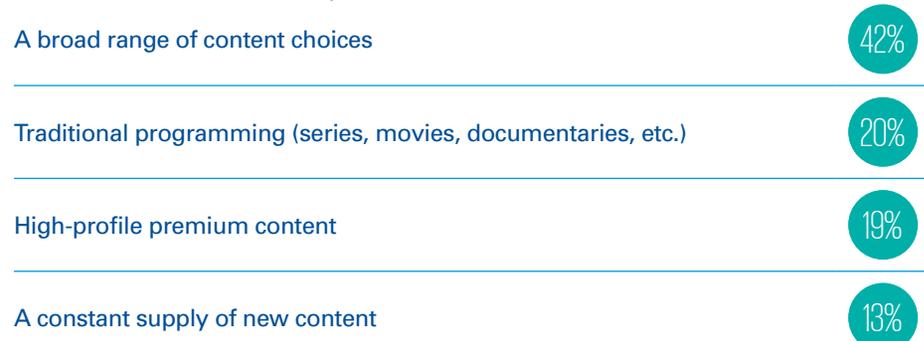
What type of content is most important to you when choosing a video streaming service?



When you think about subscribing to a video streaming service, what do you look for when evaluating the service? (ages 25–60) (Select all that apply)



What do you value most in terms of the content mix offered by a video streaming service? (ages 18–24)



How will younger consumers shape the future of streaming video?



(additional responses ages 18-24)

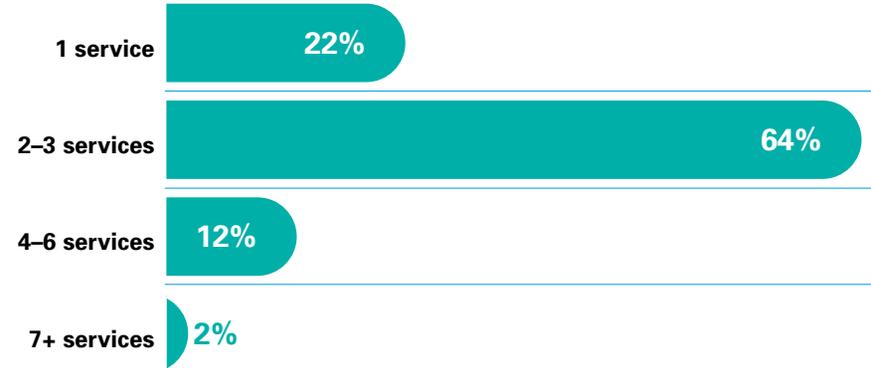
Younger consumers are paying for at least some of their streaming subscriptions, but are also benefiting from family plans and/or password sharing. As they age, how will the viewing and spending habits of this age group impact the rapidly evolving streaming market?

Portability of content from one device to another is important for this group. They prefer an ad-free environment, but have at least a reluctant willingness to put up with ads if the content is free.

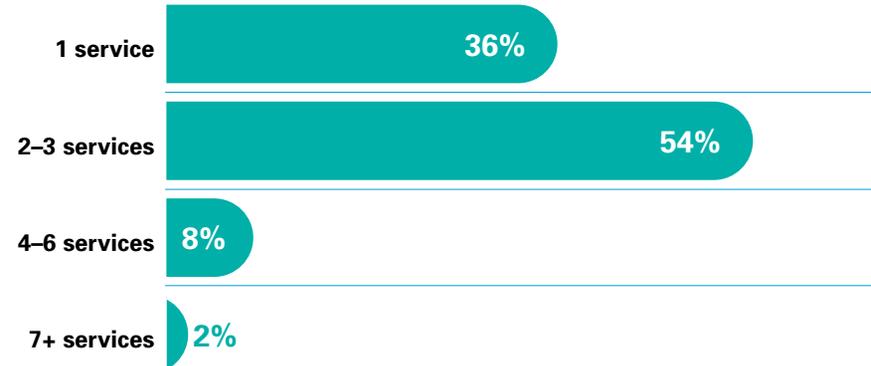
I don't pay for video streaming services myself because: (Select all that apply)



How many video streaming services do you currently have access to, whether you are the primary subscriber or not?



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How will younger consumers shape the future of streaming video?



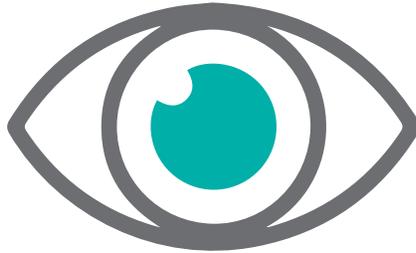
(additional responses ages 18–24)

Younger consumers also appreciate a wider content mix that expands beyond traditional premium content. Among those who watch free streaming video regularly, personalized recommendation engines that suggest new content and broad libraries are cited as key reasons. A paid service with a strong recommendation algorithm is likely to increase its customer retention ability.

Most of the video content I watch is:



10%
Short-form video
(6–10 minutes)



63%
Full episodes
of shows



11%
Full-length
movies

I regularly watch free video streaming services or channels because I like: (Select all that apply)

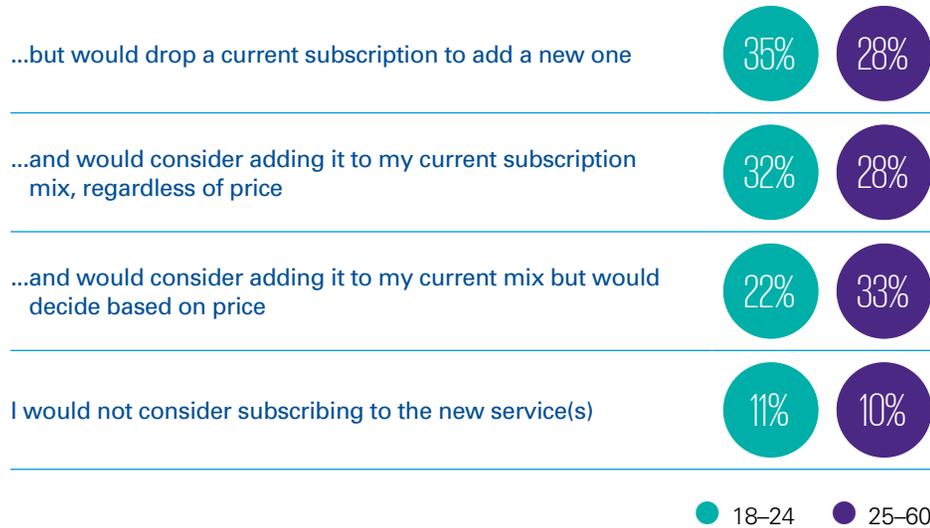
That they recommend great new content based on my previous viewing choices	48%
The seemingly endless selection of video channels on topics that interest me	43%
Channels featuring videos from my favorite creators	30%
Video posts on social media	19%
Videos from celebrities or other influencers	17%
The availability of how-to videos on almost any topic	11%
Video blogs	10%
I am not interested in most free video streaming content	7%

What's next?

Consumer awareness is high for the new streaming services launching in late 2019 and early 2020. When asked about these new services, 67% of 18- to 24-year-olds and 71% of 25- to 60-year-olds confirmed they'd heard of at least one upcoming streaming service from a high-profile entertainment company. But the decision to add or drop services based on new offerings may come down to price.

Q Which of the following statements best describes you?

I am excited about a new video streaming service(s)...



People have access to a vast array of content, but a finite amount of viewing time. Companies launching new streaming services can take advantage of valuable customer sentiment in refining their content and pricing strategies to gain share of wallet and increase revenues. Gaining a competitive edge in a crowded market is critical, and customers are seeking a compelling user experience that balances content, price, and simplicity.

Methodology

The data in this report was compiled through two web-based surveys of U.S. consumers who confirmed they have access to at least one video streaming service. The surveys concluded October 3, 2019. This report examines the factors deemed most important in selecting video streaming subscriptions and highlights responses from 1,025 consumers ages 25–60, and 1,030 consumers ages 18–24. Most questions were asked in both surveys, and each also contained several age differentiated questions.

Contacts

Michelle Wroan
National Sector Leader,
Media
KPMG LLP
T: 213-955-8657
M: 310-951-4618
mwroan@kpmg.com

Danny Le
Principal Advisory
KPMG LLP
T: 213-430-2139
M: 310-988-9639
dqle@kpmg.com

Benson R. Berro
Deputy Tax Industry Leader,
Media and Entertainment
KPMG LLP
T: 818-227-6954
M: 818-917-6215
bberro@kpmg.com

kpmg.com

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